



# House of Representatives

General Assembly

**File No. 177**

*January Session, 2003*

Substitute House Bill No. 5328

*House of Representatives, April 3, 2003*

The Committee on General Law reported through REP. FOX of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT PROHIBITING EXPIRATION DATES ON GIFT CERTIFICATES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2003*) (a) For purposes of this  
2       section, "gift certificate" means a tangible record evidencing an issuer's  
3       agreement to provide goods or services to the value shown in the  
4       record. "Gift certificate" includes, but is not limited to, any such  
5       tangible record that contains a microprocessor chip, magnetic stripe or  
6       other means for the storage of information, that is prefunded and for  
7       which the value is decremented upon each use.

8       (b) No person shall issue a gift certificate containing an expiration  
9       date. A gift certificate shall be valid until it is redeemed or replaced.

10      (c) No person shall impose a dormancy charge or fee, abandoned  
11      property charge or fee, unclaimed property charge or fee, escheat  
12      charge or fee, inactivity charge or fee, or any similar charge, fee or  
13      penalty for inactivity with respect to a gift certificate.

14 (d) Unredeemed gift certificates shall not be presumed abandoned  
15 for the purposes of part III of chapter 32 of the general statutes.

16 (e) Any person who violates any provision of this section shall be  
17 fined not more than five hundred dollars per occurrence.

18 (f) Failure to comply with the provisions of this section shall be  
19 deemed to be an unfair or deceptive trade practice under subsection (a)  
20 of section 42-110b of the general statutes.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

**GL**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Consumer Protection, Dept.	GF - Potential Revenue Gain	Up to 13,000	Up to 13,000
Attorney General	GF - None	None	None

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

This bill makes a gift certificate valid until it is redeemed, prohibits the imposition of a fee, charge or penalty for its dormancy or inactivity, establishes a fine of not more than \$500 on violators, and makes non compliance with the provisions of the bill an unfair or deceptive trade practice violation.

The bill would have no cost impact on the Department of Consumer Protection (DCP). However, it could have a revenue gain to the General Fund of up to \$13,000. Since the DCP's priorities are to: 1) grant restitution to the consumer, and 2) get the businesses to comply with the law, if the agency accomplishes these two goals and the businesses are cooperative, the commissioner might not seek the maximum fine or a fine at all.

DCP received 26 complaints last year involving gift certificates. It is possible that passage of this bill could increase the number of complaints received. However, since the agency has already begun a process of investigating gift certificate complaints, it is anticipated that any additional workload could be handled by staff without the need for additional budgetary resources.

It is anticipated that the Office of the Attorney General will be able to handle any cases referred to it under the bill without the need for an additional appropriation.

**OLR Bill Analysis**

sHB 5328

**AN ACT PROHIBITING EXPIRATION DATES ON GIFT CERTIFICATES****SUMMARY:**

This bill prohibits any person from (1) issuing gift certificates that contain an expiration date or (2) imposing dormancy, abandoned or unclaimed property, escheat, inactivity, or similar charges, fees, or penalties for not using the certificates

The bill specifies that (1) a gift certificate is valid until redeemed or replaced and (2) an unredeemed gift certificate may not be presumed abandoned as it would normally be under the Connecticut's escheats law.

The bill imposes a \$500 fine per occurrence against any person who violates it and deems any failure to comply an unfair or deceptive trade practice.

EFFECTIVE DATE: October 1, 2003

**BACKGROUND*****Unfair or Deceptive Trade Practice***

Under the unfair or deceptive trade practices law, the consumer protection commissioner may investigate unfair methods of competition and unfair or deceptive acts or practice in the conduct of trade or commerce. He may issue subpoenas on matters under investigation, administer oaths, and conduct hearings to aid in any investigation or examination. He may also issue cease and desist orders, order restitution, or apply to the Superior Court for a consent decree, temporary or permanent restraining order, or injunction to enforce the law.

***Escheats Law***

Most property, including income, interest or other increments held or

owed in this state and remaining unclaimed by the owner for more than three years is presumed abandoned. The state treasurer assumes custody and is responsible for any ownership or other types of claims.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 18      Nay 0